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10/808,445	03/25/2004	Nobuto Kimata	NS-US035178	4860

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GLOBAL IP COUNSELORS, LLP  
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WASHINGTON, DC 20036-2680

EXAMINER
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CHAMPAGNE, LUNA

ART UNIT	PAPER NUMBER
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3627

SHORTENED STATUTORY PERIOD OF RESPONSE	MAIL DATE	DELIVERY MODE
3 MONTHS	03/09/2007	PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

If NO period for reply is specified above, the maximum statutory period will apply and will expire 6 MONTHS from the mailing date of this communication.

<b>Office Action Summary</b>	<b>Application No.</b> 10/808,445	<b>Applicant(s)</b> KIMATA ET AL.	
	<b>Examiner</b> Luna Champagne	<b>Art Unit</b> 3627	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

#### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

#### Status

- 1) ☒ Responsive to communication(s) filed on 13 November 2006.
- 2a) ☐ This action is FINAL. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

#### Disposition of Claims

- 4) ☒ Claim(s) 1-20 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-20 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

#### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 25 March 2004 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

#### Priority under 35 U.S.C. § 119

- 12) ☒ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☒ All b) ☐ Some \* c) ☐ None of:
1. ☒ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.

#### Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☒ Information Disclosure Statement(s) (PTO/SB/08)  
Paper No(s)/Mail Date 6/18/04 and 7/26/06.

- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date. \_\_\_\_\_

- 5) ☐ Notice of Informal Patent Application.

- 6) ☒ Other: provisional application 60/390013

## DETAILED ACTION

### ***Claim Objections***

Claim 5 is objected to as it appears "Parties" should be inserted after " Selling" in line 4.

### ***Claim Rejections - 35 USC § 102***

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

1. Claims 1, 3, 6, 8, 9, 11, 13-16, 18 and 20 are rejected under 35 U.S.C. 102(e) as being anticipated by Forbis et al. (US 2004/0078288 A1), as supported by the provisional application (60390013).
2. Re claim 1: Forbis et al. teach a price revising method for assisting an ordering party and one or more selling parties to revise a contract on a commodity comprising (*See paragraph 0014 – method for determining retroactive price adjustments, also see paragraph 0058 – an agreement between a purchaser and a seller for terms and conditions of a sale of a product from the buyer to the seller*): displaying information to the ordering party prompting entry the commodity and a price fluctuation amount relating to at least one cost parameter of the commodity (*See paragraph 0083*); calculating a monetary effect to the one or more selling parties for a case in which the price of the commodity is changed according to the fluctuation amount (*See paragraph 0075*); revising detailed price data according to the fluctuation amount to create a price revision for the commodity based on an existing order for the commodity that had been

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established between the one or more selling parties and the ordering party (See *paragraph 0077*); sending the price revision to the one or more selling parties for approval of the price revision (See *paragraph 0081*); and executing the price revision to produce a revised order by the ordering party in compliance with information indicating that the one or more selling parties has approved the price revision (See *paragraph 0100*).

Re claims 3, 6, 9, 16 and 18: Forbis et al. teach the price revising method wherein the displaying of information prompts entering the fluctuation amount (*buyer to make corrections to a current price – see paragraph 0085*) in terms of at least one of the cost parameters including component parts for manufacturing the commodity, materials used in manufacturing the commodity, scrap generated when manufacturing the commodity (*data relevant to the terms of agreement - see paragraph 0059*).

Re claims 8 and 13: Forbis et al. teach the price revising method, wherein the displaying of information prompts the ordering party to enter the commodity and the price fluctuation amount for each of a plurality of selling parties (different plants -See *paragraph 0115 and paragraph 0114 – the buyer can amend the blanket with purchase agreement with a new price. For all receipts which fall within that period for that part number and supplier*).

Re claim: 11, Forbis et al. teach a price revising system for assisting an ordering party and one or more selling parties to revise a contract on a commodity comprising (See

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*paragraphs 0056 and 0058*): an ordering party presenting section configured and arranged to present on an ordering party terminal a display prompting entry of the commodity and a price fluctuation amount relating to at least one cost parameter of the commodity (*See paragraphs 0085 and 0059*); a calculating section configured and arranged to calculate a monetary effect to the one or more selling parties for a case in which a cost of producing the commodity has changed according to the fluctuation amount entered from the ordering party terminal and making the calculated monetary effect available for comparison on the ordering party terminal (*See paragraphs 0114 and 0115*); a price revising section configured and arranged to create a price revision to detailed price data according to the fluctuation amount for the commodity based on an existing order of the commodity that has been established between the one or more selling parties and the ordering party, and to send the price revision to one or more selling party terminals (*See paragraphs 0133 and 0135*); and a selling party presenting section configured and arranged to present on the one or more selling party terminals a display prompting the one or more selling parties to approve the price revision, and to send information indicating that the one or more selling parties has approved the price revision back to the ordering party terminal (*See paragraph 0111*).

Re claims 14 and 15: Forbis et al. teach the price revising system, wherein the calculating section is further configured and arranged to calculate the monetary effect for each of the selling parties to be associated with the price revision (*See paragraph 0075*); and the price revising section is further configured and arranged to execute price

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revisions for each of the selling parties to be associated with the price revision (See *paragraph 0113*).

***Claim Rejections - 35 USC § 103***

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

4. Claims 2, 4, 5, 7, 10, 12, 17 and 19 are rejected under 35 U.S.C. 103(a) as being obvious over Forbis et al. (US 2004/0078288 A1) in view of Heffner et al. (US 2003/0018558 A1).

Re claims 2 and 12: Forbis et al. fail to teach the price revising method, wherein the displaying of information prompts the ordering party to enter the one or more selling parties to be associated with the price revision.

However, Heffner et al. teach the price revising method, wherein the displaying of information prompts the ordering party to enter the one or more selling parties to be associated with the price revision (*See paragraph 254 –allows buyers to create a list of sellers*).

Therefore, at the time of the invention, it would have been obvious to a person of ordinary skill in the art, to give the ordering party the option of entering more than one selling parties associated with the price revision, as taught by Heffner et al., in order to

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provide a centralized system that will improve the relationship between the parties and increase profitability (*See, for example, Heffner et al.: paragraphs 0046 and 0039*)

Re claims: 4, 7, 10, 17 and 19: Forbis et al. fail to teach the price revising method, wherein the displaying of information prompts entering the price fluctuation amount by presenting a chart that maps selling party information, commodity information, and fluctuation amount information.

However, Heffner et al. teach the price revising method, wherein the displaying of information prompts entering the price fluctuation amount by presenting a chart that maps selling party information, commodity information, and fluctuation amount information (see paragraph 0261 and 0263).

Therefore, at the time of the invention, it would have been obvious to a person of ordinary skill in the art, to prompt for the entry of the price fluctuation amount by presenting a chart that maps selling party information, commodity information, and fluctuation amount information, as taught by Heffner et al., in order to increase visibility and enhance the system for profitability (*See, for example, Heffner et al.: paragraph 0247*).

Re claim: 5, Forbis et al. fail to teach the price revising method, wherein the displaying of information prompts the ordering party to enter a designation to associate all selling parties having contracts containing the cost parameter, such that the selling having contracts containing the cost parameter receive the price revision

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However, Heffner et al. teach the price revising method, wherein the displaying of information prompts the ordering party to enter a designation to associate all selling parties having contracts containing the cost parameter, such that the selling having contracts containing the cost parameter receive the price revision (*See paragraph 00270 – buyer submit a bid on a loan pool and attach a comment asking a particular seller to send him any other pools having similar loans*).

Therefore, at the time of the invention, it would have been obvious to a person of ordinary skill in the art, to prompt for the entry of a designation to associate all selling parties having contracts containing the cost parameter, such that the selling having contracts containing the cost parameter receive the price revision, as taught by Heffner et al., in order to provide a centralized system that will improve the relationship between the parties and increase profitability (*See, for example, Heffner et al.: paragraphs 0046 and 0039*).

5. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. Shetty et al. (5,870,714) Awadallah et al. (7,127,414 B1), Verma et al. (6,976,006 B1) DeMarcken (6,275,808 B1).

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Luna Champagne whose telephone number is (571) 272-7177. The examiner can normally be reached on 8:30 - 5:00.



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If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Florian Zeender can be reached on (571) 272-6790. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

  
Luna Champagne  
Examiner  
Art Unit 3627

February 6, 2007

  
F. RYAN ZEENDER  
PRIMARY EXAMINER

METHOD AND SYSTEM FOR RETROACTIVE PRICING  
FOR USE IN ORDER PROCUREMENT

BACKGROUND OF THE INVENTION

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1. Field of the Invention

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The invention relates to electronic procurement systems having a purchase order for acquiring products from a supplier.

2. Background Art

15

A distributed enterprise is an organization having multiple operations spread across a geographic region, continent or globe. In today's business environment, thousands of businesses have operating facilities located in more than one country or continent. For example, an automobile manufacturer may have multiple management facilities, engineering facilities, manufacturing facilities, assembly facilities, distribution facilities, sales facilities and service facilities located within most countries and every continent on the planet. Each of these facilities must, in turn, deal with a second-tier of often equally-distributed supplier communities.

20

Distributed enterprises present a unique challenge to conventional electronic procurement management software. Most procurement systems are tailored to effectively meet the needs of smaller to mid-sized businesses having a few, if any, distributed business operations or supplier base. However, these conventional systems lack functionality to effectively support certain business needs of large to very large companies that are distributed across a wide geographical range.

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For years, electronic data interchange (EDI) and virtual private network (VPN) technologies have enabled businesses and their suppliers to exchange invoices, purchase orders, and other documents to conduct their day-to-day business online. Typically, these systems were proprietary in nature, required a dedicated technical infrastructure, and required a costly subscription or pay-per-use access arrangement.

The advent of the Internet has revolutionized electronic procurement systems by decreasing the speed, cost and other hurdles associated with the first-generation systems. Without such access barriers, buyers are presented with a broader horizon of potential suppliers. Today, a buyer organization can access the Internet to obtain pricing information, product and service information, submit a purchase request, route the request for approval, view the fulfillment status of the request, receive a receipt and delivery notification, and transmit payment.

According to one IDC survey conducted in September 2000, the amount of savings generated with the use of an Internet-enabled procurement system will, on average, range from 5.0% to 8.5% of a company's purchasing budget. Depending on the size of the company, this savings can translate to over a billion dollars annually.

In the manufacturing industry, resource demand can be generalized into two broad categories: direct and indirect. Direct procurement includes the purchasing of resources that make up the product ultimately being manufactured. Indirect procurement includes the purchasing of "support" resources that are necessary to bring about the manufacture of the product. In an automobile manufacturing example, a direct resource might be the paint or windshield for a particular automobile. An indirect resource might

include a day-to-day commodity such as wrenches or safety glasses that, although not technically a part of the automobile, are indirectly necessary to manufacture the automobile.

5 Today, companies such as General Electric and Compaq Computer have integrated electronic procurement systems to streamline the online sourcing and purchasing of direct and indirect materials. For example, Compaq Computer employees can use their Web browser to view an online  
10 supplier catalog of over 37,000 items, and easily purchase the resources necessary to satisfy their day-to-day needs. Companies such as Compaq can expand this functionality to increase the variety of resources available, rationalize its supply base, and consolidate its supply chain in an effort  
15 to leverage purchase volumes into fewer suppliers and improve its relationship with a preferred supply base.

Issued U.S. patents relating to electronic procurement applications and systems include U.S. Patent No. 5,970,475 to Barnes et al. and U.S. Patent No. 6,363,365 to  
20 Kou. Published U.S. patent applications relating to electronic procurement applications and systems include U.S. Patent Application No. 2001/0042050 to Fletcher et al. Additional information relating to electronic procurement systems includes Albert Pang's IDC White Paper *eProcurement  
25 Ensures Visionary Companies a Place in the New Economy*, July 2001.

As comprehensive and beneficial as today's procurement systems may be, there still remains a wide horizon for improvement. For example, even the most  
30 advanced systems, like the Oracle Sourcing 11i system, can be improved as such systems lack the capability for retroactively changing the price of products acquired under a purchase order relative to a past time period.

## BRIEF DESCRIPTION OF THE DRAWINGS

Figure 1 is a flowchart for a retroactive pricing adjustment;

Figure 2 is a flowchart for initiating a retroactive pricing event;

Figure 3 is a flowchart for retrieving a receipt or shipment information;

Figure 4 is a flowchart for performing variance calculation; and

Figure 5 is a flowchart for generating a retroactive invoice.

These figures are intended for exemplary purposes of illustrating different capabilities of the method and system disclosed herewith having capabilities for retroactive pricing for use in order procurement.

## DETAILED DESCRIPTION

A system having capabilities for retroactive pricing for use in order procurement can include any number of computer related microprocessing and software applications. The microprocessing and software applications are referenced to as tools. The system can include various tools for achieving retroactive capabilities, and the system can include tools associated with a purchase agreement, a receipt, an invoice, and some type of microprocessing device having software applications capable of retroactive action.

The purchase agreement represents an agreement between a purchaser and a seller for terms and conditions of a sale of a product from the buyer to the seller. For example, in the automotive industry, blanket purchase agreements are often made between a buyer and a supplier,

whereby the buyer can continuously acquire products from the supplier in accordance with the terms of the purchase agreement on a regular basis, or even on an irregular basis when the buyer so desires.

5           The purchase agreement tool can include data relevant to the terms of the agreement, like a price, a start date, and an end date, which can be communicated to computer or microprocessor for data storage and manipulation. This data can be entered by the buyer using a  
10 data entry tool or by a computer automatically retrieving the information from other databases and legacy systems, or any other means.

15           When the supplier ships the products to a buyer's plant, the receipt can be generated with a receipt tool to signify receipt of the product by the plant. As is common in the automotive industry, the receipt can be caused to be generated by the buyer, the plant or automatically with logistics type software systems. The receipt tool can include data, like a receipt quantity, receipt date,  
20 shipment date, and product item number which can be communicated to a computer for data storage and manipulation.

25           When additional products are received by the plant in additional transactions under the purchase agreement, additional receipts are generated for each receipt of products from the different transactions. In this manner, the computer can keep track of the quantity of products received by the plant under the purchase agreement. The computer can even keep track of the receipt quantity and the  
30 receipt date for each receipt individually or the receipt quantity and the receipt date for a cumulative total, of all or some, of the receipts. Accordingly, the computer can determine the quantity of parts purchased by the buyer from

the supplier for any time period between the first receipt of the product and the last receipt of the product.

Based on the data from the receipt, the computer can cause the generation of an invoice by an invoice tool. The invoice tool includes data, like a detailed list of goods shipped or received and an invoice amount. The invoice amount represents the value for the product purchased under purchase order. The invoice is delivered to the supplier as a payment for a debit or credit against the supplier for the purchased products. The payment can be delivered by mail or by electronic funds transfer (EFT).

As evidenced by the foregoing, the system includes a number of tools which provide different capabilities for retroactive pricing for use in order procurement. These tools, and the others described below, allow the system to achieve capabilities for retroactive pricing.

For example, as the computer can keep track of multiple receipts received under a purchase agreement, along with the receipt quantities, receipt dates, and shipment dates associated with each of the receipts, the computer can determine both the pricing and the quantity for products acquired during a particular time period. In other words, the computer can determine a time period and then select all the receipts which have a receipt or shipment date within the parameters of the determined time period for analysis to determine both the pricing and the quantity for the acquired products. The time period can be a time period in the past, i.e., a retroactive time period.

The time period determined by the computer typically corresponds to a past date in which the terms and conditions of the purchase are to be changed. For example, in the automotive industry buyers often negotiate with a supplier for the supplier's products. In many cases, the

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5 buyer desires the product prior to the determination of a negotiated price. One way to deliver the product prior to the establishment of the negotiated price includes opening the purchase agreement with an initial purchase price, whereby the initial purchase price can later be changed once negotiations are completed.

10 The difficulty lies in retroactively making pricing adjustments to the products acquired by the buyer prior to the establishment of the new negotiated price. Even more problematic, the price may be greater than the initial purchase price, or the price may be less than the initial purchase.

15 Disclosed herewith is one method of retroactively adjusting the price of a received product by generating an invoice which debits or credits the supplier based on a retroactive time period in which the products were received by the plant. In short, the method includes initiating a retroactive pricing event which triggers the computer to retrieve a receipt. The receipt is then used to perform a variance calculation for generating a retroactive invoice.

20 A retroactive pricing adjustment occurs when there is a change to the purchase agreement. The change to the purchase agreement can occur for a date change and may also include a price change. The price change often occurs after the buyer begins receiving parts under a particular purchase agreement when the price at which those products were acquired changes and the buyer desires to make the price change retroactive to the products previously acquired.

25 In other cases, the price may not have changed, but the effective date of the price has changed. For example, parts may be acquired under a purchase agreement beginning on some prior effective date and for some reason, like a negotiation, the buyer will desire to apply the



purchase agreements to products acquired even before that prior effective date. In this situation, though the price has not changed, the date has changed to a prior effective date.

5           In yet another case, the purchase agreement may have been opened without a purchase price. This situation can occur when needs have changed and the buyer desires to purchase a product but does not know the price of the product, or simply needs to acquire the product quickly. In  
10 these events, the purchase agreement does not include a price, and the parts acquired under the purchase agreement are not paid for with an invoice when the products are received by the plant. These parts are said to have a missing price.

15           In either price changes, past effective date changes, or missing prices, the value paid, or not paid, for the product is different than what the buyer desires to pay for the product. Accordingly, the capabilities to correct this problem are addressed by having a retroactive pricing  
20 system and method which can employ various tools for looking into the past to perform variance calculation for paying the amount desired by the buyer.

25           Once a retroactive pricing event has been initiated, the corresponding receipt/shipment information can be retrieved by the computer. The receipts are used to track the date and quantity of products acquired under the purchase agreement. The receipt can include many different types of data, and usually the product item number, product description, date shipped, date received, purchase order  
30 number, quantity, etc. In this way, the computer can use any one or more of the types of data to retrieve the appropriate receipt. The computer can then determine the

date and quantity of the products acquired under the purchase agreement.

In all retroactive events, the time period is in the past, and usually limited to a specific interval within the past, which is commonly referred to as a retroactive time period. The computer then can determine the range of relevant receipts which fall within the specific interval for initiating a retroactive correction.

With the relevant receipts, the computer performs a variance calculation to determine the credit or debit to be transferred to the supplier in order to correct the payments previously sent to the supplier in accordance with the desires of the buyer.

In performing the variance calculation the quantity and price for each retrieved receipt is determined so that the computer can multiply the quantity of products with the pricing to determine the value paid for the products acquired under each retrieved receipt.

Using this information, a variance calculation can be performed by comparing the value paid for each receipt against the new price in light of the changes to the purchase agreement. For price changes, the variance value is simply the difference between the new price and the last price paid times the quantity from the receipt. The total variance can be based on one receipt or it can be the resulting total of adding up each variance value for each retrieved receipt.

For past effective date changes, receipts which were not a part of a purchase agreement have been incorporated by the change to the purchase agreement. Accordingly, in some cases the price may be different from the price on the original purchase agreement, and in other cases it may not. When the price is different, a similar

calculation as described above for price changes is used,  
wherein the calculation compares the price of the purchase  
agreement to the price of the purchase agreement which  
applied to the receipts now being incorporated by the change  
to the purchase agreement. When the price is the same and  
no previous payments have been made for the goods shipped or  
received, the full amount of the price times quantity can be  
paid to the supplier.

For missing price, the products were never paid  
for, thus the variance is simply the new prices times the  
quantity of products acquired for all of the retrieved  
receipts.

The variance calculation is used for generating a  
retroactive invoice for crediting or debiting the supplier  
based on the change to the purchase agreement. If the  
variance is positive, a credit is generated and transferred  
to the supplier. If the variance is negative, a debit can  
be generated and transferred to the supplier. In both  
cases, the transfer is usually carried out in accordance  
with the terms of the purchase agreement.

In most cases, reports are generated and posted on  
the web for the suppliers to review. However, the reports  
can be sent to the supplier via electronic data exchange  
(EDI). The reports include any number of different types of  
data, and in most cases, the reports at least convey to the  
supplier the effect of the retroactive invoice and the terms  
and conditions which apply thereto.

Following this method, with the help of the tools  
described above and below, the computer is able to look into  
the past to perform a retroactive variance calculation for  
paying the amount desired by the buyer to correct a change  
caused by a change to the purchase agreement.

Additional Tools Having Functionality  
Capabilities For Retroactive Pricing

5 A retro pricing tool is provided so retroactive  
pricing amendments can be entered into purchase ordering  
systems. The tool allows buyers to initiate changes to  
purchase orders or purchase agreements with a price that is  
retroactive meaning all products acquired after the price  
change receive the new price and a debit/credit is issued  
10 for products previously acquired to which the price change  
pertains. Accordingly, payments made at an original price  
for goods or services already received can be adjusted based  
on a difference between the original price and the new  
price.

15 If the buyer is confronted with a part that has  
been redesigned and shipped to a plant before the buyer can  
determine a price for the part and establish a purchase  
agreement, the retro pricing tool has the ability for the  
buyer to purchase the product without a price and agreement.  
20 In this case, the price is added later and the terms and  
conditions are also added later, so that when the price and  
terms are later established, a purchase order can be created  
with this information to cover the goods already received  
and a debit/credit can be issued for the products already  
25 received.

The retro pricing tool can allow a buyer to make  
corrections to a current price. For example, a buyer can  
add a firm price to a purchase order which includes an  
estimated or interim price. The estimated or interim price  
30 can be the result of a situation in which a part has been  
redesigned and shipped to a plant before the buyer can  
determine a price for the part.

5 The retro pricing tool can include the ability for a buyer to make a price change retroactive to a negotiated effective date for the price change. Accordingly, the buyer can gain productivity through fact-based discussions with suppliers during negotiation because the buyer is able to buy and the supplier is able to ship parts during the negotiations. Once the negotiation is finished, the prices of the goods shipped during negotiation can be adjusted retroactively to reflect the negotiated price.

10 The retro pricing tool provides a general sequence of events for the process for use in a purchasing system and accounting system. For example, the process provides the use of a blanket purchase order for the pricing system which can be amended retroactively to a preceding effective start date that is prior to a current date. The process provides the retroactively amended purchase order for recognizing a price amendment as having a "retro" date.

20 The retro pricing tool provides an ability for searching a database for any receipts or shipments that may have been evaluated after the new "retro" effective date. When such receipts are found, the receipts can be evaluated for new prices so that the new prices can be calculated for variance from the original receipt. Optionally, a receipt can be flagged as having been adjusted so that the variance can be stored with the evaluated receipt. Accordingly, retro changes can be tracked without losing the history and without having to adjust the receipt. Optionally, the process is repeatable for all receipts between that retroactive effective date and the current date.

30 The retro pricing tool can generate a self-billing invoice for listing by part all the receipts and adjustments to the receipts.

The retro pricing tool can generate a retro invoice so payment can be issued to a supplier immediately or based on payment terms set with the supplier.

5 The retro pricing tool can provide remittance advice to a supplier indicating a total retro adjustment amount and details for each affected receipt. The remittance advice can include the suppliers invoice number for referencing the details of the retro transaction. Moreover, it may be beneficial for suppliers to submit a  
10 complimentary invoice for receiving payment in the situation where the price has increased.

The retro pricing tool can enter a retroactive amendment to a general ledger. For example, a single account number can be used for retro adjustments.

15 The retro pricing tool can provide indirect materials with change processing to be handled within a purchasing system rather than an accounting system. Accordingly, rather than working with a net difference between the old and new price, the original receipt  
20 transaction can be backed out and a new receipt can be entered with the new price.

The retro pricing tool can provide a receipt having multiple retroactive adjustments, and each adjustment can be stored with a relevant receipt.

25 A time frame can be provided in which retro adjustments can be allowed depending on a business unit and a system currently handling the adjustments. For example, direct materials can have retroactive adjustments within the preceding eighteen months. Direct materials can have retro  
30 adjustments within the preceding two years. Optionally, indirect materials can have retroactive adjustments for an indefinite period of time as long as a purchase order is open and effective.

The retro pricing tool can address design price changes and non-design price changes for direct materials.

The retro pricing tool can use a master price history. For example, price changes, whether a change is a design price change or a non-design price change, can be added to the master price history to reflect a current price that the buyer has provided. Any prices that existed previously can be ignored and can be eliminated for use in payment. For non-design price changes, the buyer can enter the productivity gain as a percentage change or as an absolute value. Adjustment to all future scheduled price adjustments can be made based on the productivity change.

The retro pricing tool can provide a retroactive price change process to begin with a buyer entering a price change, whereby the process can conclude by posting an adjustment to a general ledger. An input to the process can be a price change with an effective start date in the past. An output of the processes can be a payment to or recovery from the supplier.

The retro pricing tool can provide a retroactive process having a step for retrieving a history of goods shipped and received from which a retro price impact is calculated to create a price adjustment invoice. This information can then be reported with the invoice.

The retro pricing tool can address initiatives related to retroactive price changes for self-billed invoices, non-design price change (NDPC), and missing prices.

The retro pricing tool can allow a buyer the capability to electronically amend an existing standard purchase order or blanket purchase agreement with a new price effective for a date in the past. The buyer could enter an effective start date for the price change, and

optionally, the buyer could enter an effective end date for the price change. If an end date is not entered, the buyer can be notified in the event that prices are adjusted.

Moreover, a price change can trigger a normal revision and re-approval process, whereby price changes can become firm when the approval process is complete.

The retro pricing tool can provide a buyer functionality to accommodate price changes due to design price changes and non-design price changes. For design price changes, the buyer can have the capability to enter a new absolute price. For non-design price changes, the buyer can have the capability to enter a price change as a fixed amount or a percentage price change.

The retro pricing tool can provide a buyer the ability to amend a purchase order with a retroactive price and amend the effective dates any number of times for any particular item, i.e., retro on a retro pricing amendment.

The retro pricing tool can provide a buyer the ability to make retroactive price adjustments for at least the two preceding years. Moreover, a history can be maintained to capture price changes with the corresponding effective start and end dates, where applicable, so that the buyers can have access to the data stored therein.

The retro pricing tool can provide a retro self-billing invoice as a product of the payment process listing by part all the receipts and adjustments for the receipts. For example, the retro self-billing invoice can have information specifically for retro pricing, like effective date of retro action, old price, new price, and difference in price.

The retro pricing tool can provide a supplier to be paid or refunded for an amount of a retroactive adjustment. For example, when a supplier is paid, there can



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be a payable invoice generated. When a supplier is refunded, there can be a payables debt memo generated. The payables invoice and the payables debt memo can include all receipts or shipments that fall within a specified effective start and end date of the price change. Moreover, the self-billing invoice can be provided to the supplier detailing the effective retro price change by including information, such as a total retro adjustment amount, a reason code, a seller's invoice number, and a reference number which has a code indicating that the reference number is a retro adjustment. Moreover, each receipt can provide a receipt number, a packing slip number, a plant ship to location, a quantity, a unit of measure, an invoice number and date, receipt date and shipment date, old price, and new price. Furthermore, remittance advice can reference the self-bill invoice number.

The retro pricing tool can provide an invoice for calculating tax on a line-by-line basis for meeting the needs of different countries, like Brazil and Argentina.

The retro pricing tool can provide a retroactive price adjustment that can be posted to a general ledger account. The account number can vary depending on a legal entity attached to a receipt.

The retro pricing tool can provide a buyer with an option for entering an effective end date for a retroactive price change. Moreover, a self-billed invoice can be provided to a supplier detailing for each receipt a supplier manufacturing code.

The retro pricing tool can provide a due date of supplier payment based on terms set with the supplier to be calculated from the original receipt dates or ship dates.

The retro pricing tool can provide a retro pricing process having an ability to use a date range for

determining receipts or shipments affected by a retroactive price change.

The retro pricing tool can provide retro payments that can be made according to supplier terms for ensuring that retro adjustments are coordinated with the payments for the original receipts.

The retro pricing tool can provide a retroactive price adjustment process having a first step of inputting purchase order information, which can include new prices, and effective start and end dates, the end date can be optional. Therefrom, the inputted information can be used for retrieving corresponding receipt or shipment data from a database, whereby the information can also be used in conjunction with the receipt or shipment date for searching price change histories for the receipt data so that an amount change can be calculated for each receipt. The process can calculate the original price paid (effective old price and then apply the difference between the old price and new price times the quantity shipped or received to generate an invoice). If the price change is positive, then a positive invoice can be created. If the price change is negative, then a negative invoice can be created.

The retro pricing tool can provide retroactive pricing for the following scenarios. For example, a blanket purchase agreement for a design price change having an end term price with no effective end date can be generated. The buyer can receive a notification indicating a part has undergone a design price change. The buyer can create a new blanket purchase agreement for the part with a new effective date with an interim price for a supplier. This information can then be reproduced on a blanket purchase agreement. If the new part design was shipped to three different plants, for example, and received into inventory, then the receipts

can be organized according to packing slip numbers. The receipt history can be retrieved for all receipts from and forward for the part. Accordingly, the retro price impact can be calculated based on the new price, old price, and quantity. Therefrom, a retro price adjustment process can create a retro invoice for the calculated price, along with a due date calculated from the date of each receipt. The supplier can then be sent a self-billed invoice.

The retro pricing tool can provide a blanket purchase agreement for a design price change having an interim price with an effective end date. The buyer can receive an authority to precede indicating a part has undergone a design price change. The buyer can create a new blanket purchase agreement for a part number and an effective date for the part number with an interim price for a particular supplier. When a price change occurs and the price change includes an effective start date and an effective end date, the buyer can then amend the blanket purchase agreement with a new price. Based on the start date and the end date, a receipt or shipment history can be retrieved for all receipts which fall within that period for the part number and the supplier. The supplier can then be sent a self-bill invoice as a result of the payment process.

The retro pricing tool can provide a blanket purchase agreement for non-design price changes. A buyer can negotiate with a supplier for a productivity gain for a particular part. The buyer can then use a blanket purchase agreement for the part effective from a start date with a new price for a particular supplier. This information can then be produced for the part name and the start date and new price in a blanket purchase agreement. Receipts can also be generated for the part name in accordance with packaging slip numbers which correspond with different

plants that receive the part into inventory. When negotiations are completed, the buyer can reduce the price by the productivity gain retroactively to the effective start date. A receipt history can then be retrieved for all receipts from the effective start date for the part number and the supplier so that a retro price impact can be calculated. Retro price adjustment can then create a retro invoice with a due date calculated from the date of each receipt, whereby the supplier can be sent a self-bill invoice.

The retro pricing tool can provide a blanket purchase agreements having a retroactive price change to a previous retroactive price change. In this case, a buyer can amend the previous blanket purchase agreement with a new price and a new effective time period. Therefrom, a receipt history can be retrieved from all receipts for the new effective time period for the part number and the supplier.

The retro pricing tool can provide all transactions with the ability to be posted in the current period, as opposed to prior period postings. Moreover, currency changes can be automatically assigned current exchange rates. Moreover, invoices from the original receipts can be generated in a separate process by accounts payable.

The retro pricing tool can provide that the contents of the reports generated can be provided to a supplier detailing the fact of a retro price change. The invoice can include information like a total retro adjustment amount, a reason code, a seller invoice number, and a reference number indicating that it is a retro adjustment. Line information for each receipt can provide information, like a receipt number, a packing slip number, a client ship-to location, a quantity, unit of measure, and

invoice number and date, a receipt date and shipment date,  
an old price, and a new price.

The retro pricing tool can provide remittance  
advice that can reference the self-bill invoice number.

5           The retro pricing tool can provide a part number,  
and description ship-to plant code, supplier ship-from code,  
effective start date; effective end date (if available),  
quantity, price paid, variance, currency, purchase order  
number, amendment number, and process date (date retro  
10 adjustment processing), original transaction date (date of  
original receipt using old price), account number (of the  
account being adjusted by Retro), and bar code.

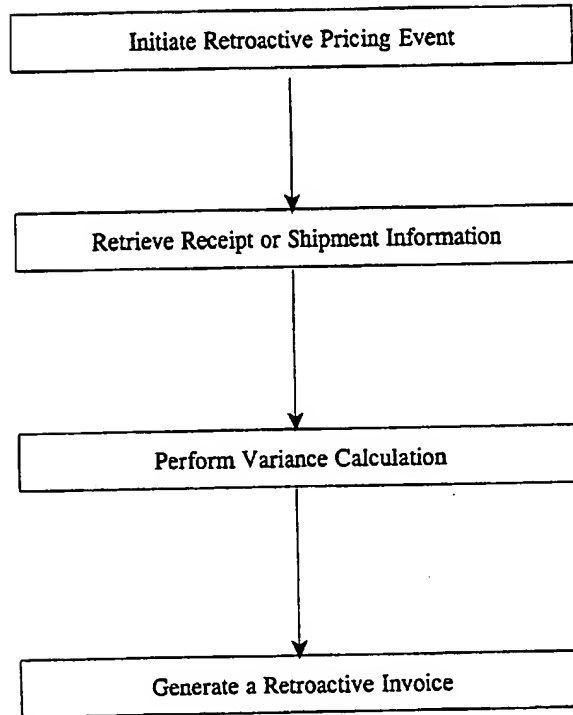
20061910-ET0064E09

Title: **METHOD AND SYSTEM FOR RETROACTIVE PRICING  
FOR USE IN ORDER PROCUREMENT**

First Named Inventor: Todd McClimans et al  
Atty. Docket No.: FMC 1478 PRV / 202-0566

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**FIG. 1**



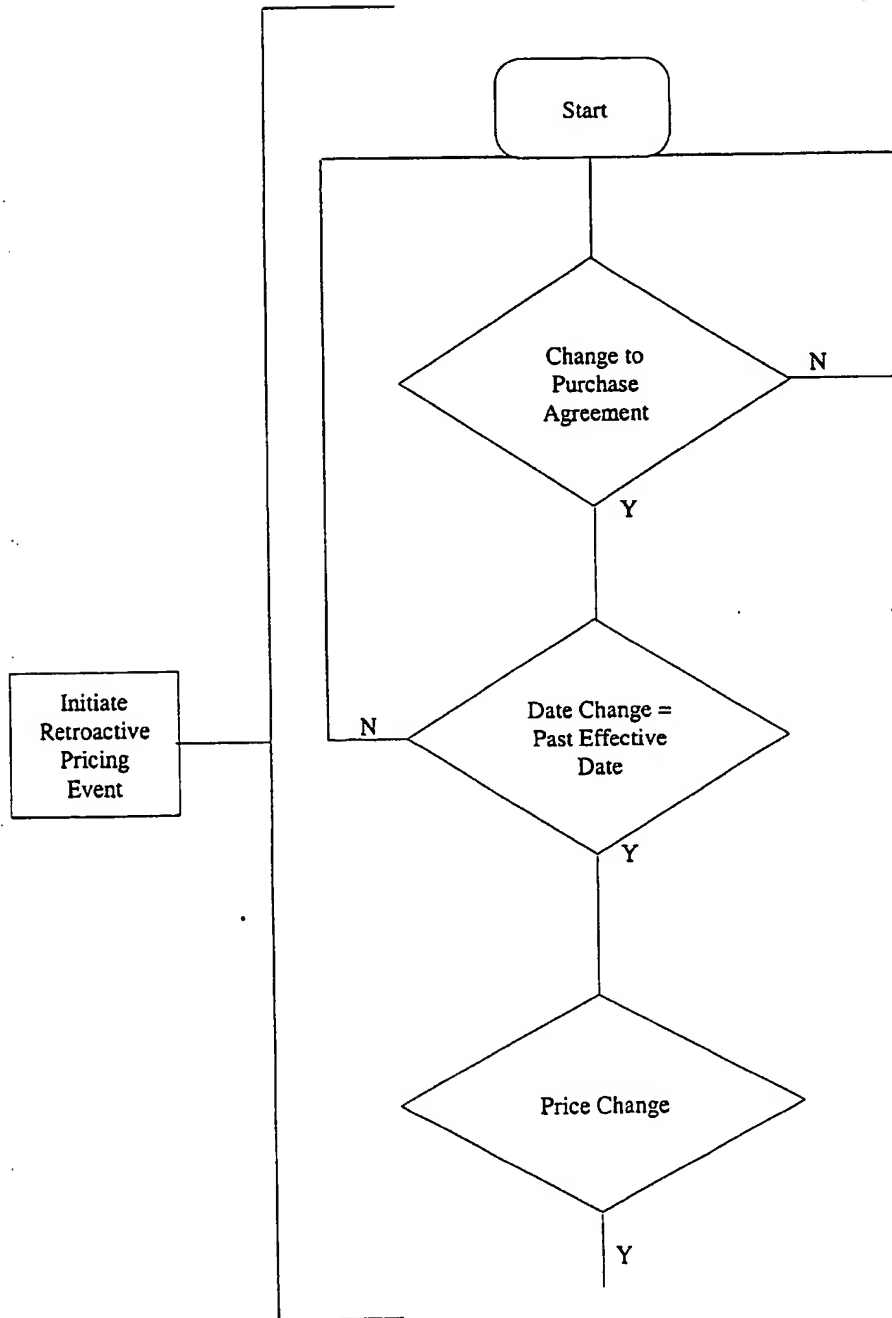
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**FIG. 2**



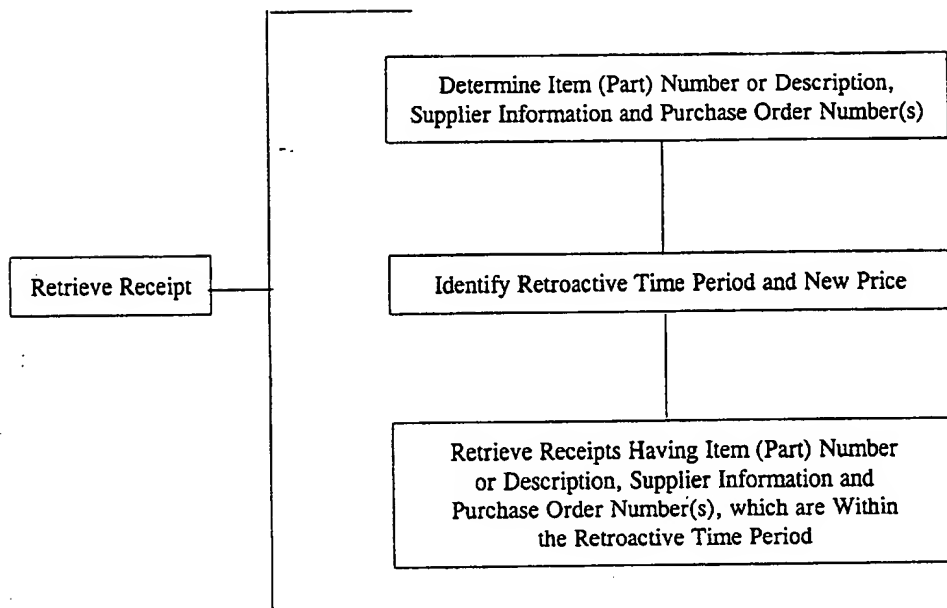
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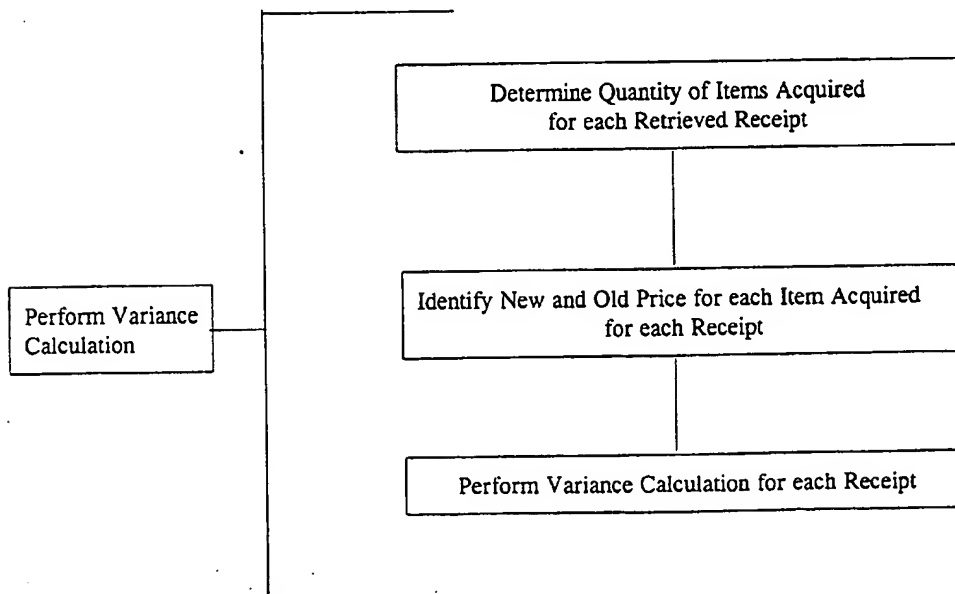
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**FIG. 3**



**FIG. 4**



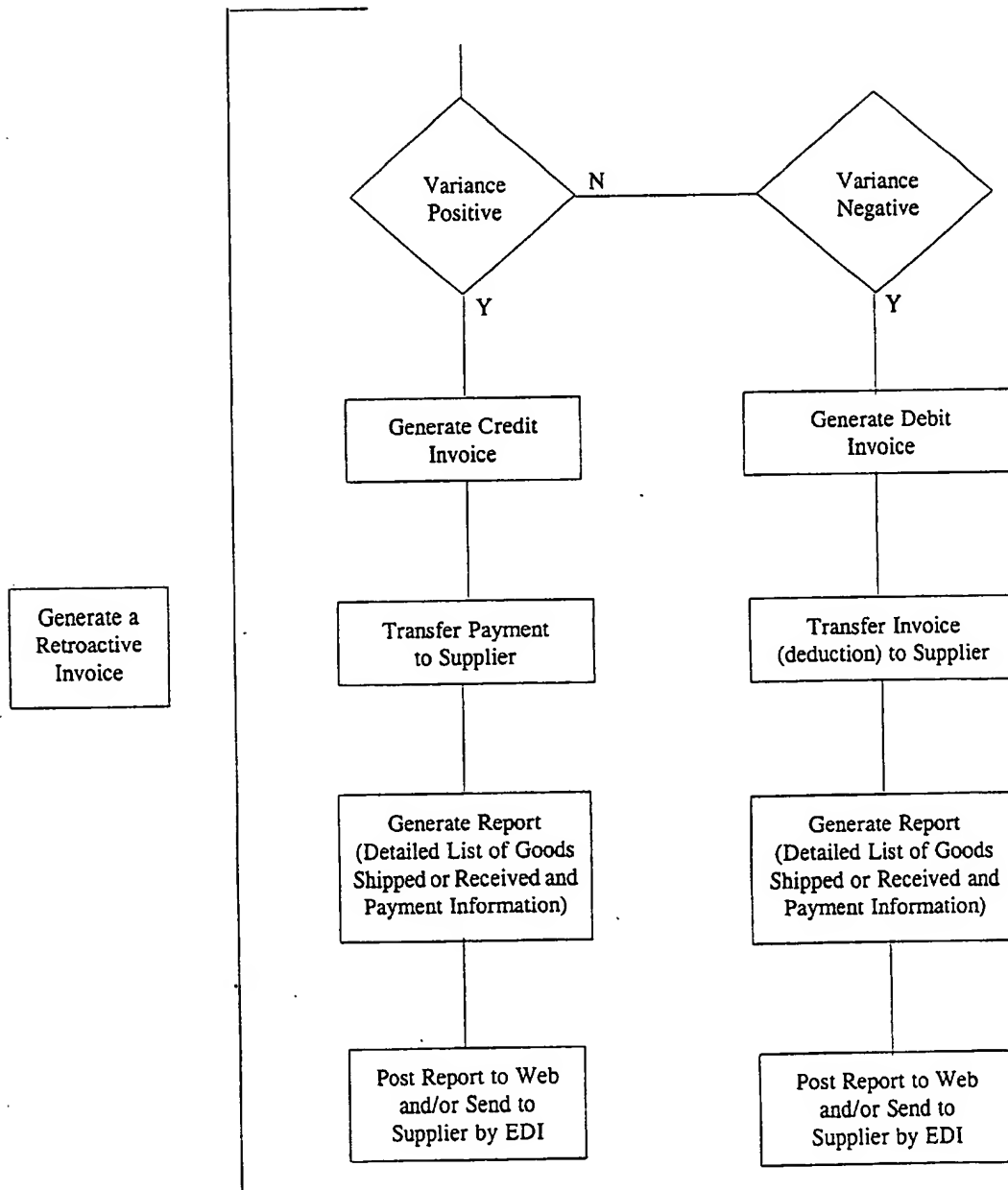


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**FIG. 5**



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